



## United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Moab Field Office

82 East Dogwood

Moab, Utah 84532

<http://www.blm.gov/utah/moab>



In Reply Refer To:

3500

(UTY012)

UTU-086574

NOV 15 2012

CERTIFIED MAIL# 7011 1150 0000 0359 9286

RETURN RECEIPT REQUESTED

Keith Price, President  
K<sub>2</sub>O Utah LLC  
1305 North 23<sup>rd</sup> Street  
Beaumont, Texas 77706

**RE: More Information Required for Exploration Plan and Application of Plan to Prospecting Permit Applications**

Dear Mr. Price:

The Bureau of Land Management (BLM) has reviewed all data received to date, regarding how K2O intends to prove the existence and workability of a valuable deposit through the Exploration Plan submitted on May 4, 2012 and supplemental information provided in a letter received in this office on June 4, 2012 (43 CFR 3505.45). This review revealed that more information is necessary with regards to the Exploration Plan. In addition, K2O must demonstrate how this plan applies to the identified Prospecting Permit Applications (PPAs) that K2O hopes to be authorized under the current environmental assessment.

**Exploration Plan**

The Exploration Plan and the June 4<sup>th</sup> letter do not disclose how long and where the core will be stored. This information must be provided pursuant to 43 CFR 3593.1(a).

### **Application of Exploration Plan to Prospecting Permit Applications**

The BLM classification standard for defining known potash leasing areas uses a radius of influence (ROI) of 2.5 miles. K2O has adopted this standard and applied it to their Exploration Plan which is acceptable. Application of the 2.5 ROI to the five proposed core hole locations in the Exploration Plan affects the following PPA's:

UTU-086574  
UTU-086575  
UTU-086583  
UTU-086584

UTU-086585  
UTU-086586  
UTU-086587  
UTU-086588

UTU-086591  
UTU-086594

Based on the information K2O has provided, the above listed PPAs are the only ones the BLM can consider authorizing.

If it is K2O's intention to acquire the remaining PPAs identified in the proposal, two options are available.

- 1) The first option is to expand on the information that you provided in your letter dated June 4, 2012. Specifically, we are requesting, pursuant to 43 CFR 3505.45 (f), copies of all the available gamma, density-lithology, neutron, sonic, and caliper logs for the oil and gas drill holes that you are using to apply to the remaining permits. The gamma log should show the picks and appropriate API Unit (American Petroleum Institute gamma ray unit) calculations to percent KCl correlated to percent K2O. We are also requesting a copy of K2O's NI 43-101 report completed by Agapito Associates, Inc. All information provided by K2O can be held confidential if this is noted on every page of each document.
- 2) Should K2O prefer not to provide the information stated above, the second option is to submit a second Exploration Plan that provides adequate core hole locations to cover the remaining PPAs. **U.S. DEPARTMENT OF THE INTERIOR**

If you have any questions regarding this request for information, please contact Rebecca Doolittle, at (435) 259-2141.

Sincerely,

/s/ Jeffrey R. Smith

Jeffrey R. Smith  
Field Office Manager

cc. Don Hamilton, Starpoint  
Stan Perkes, UT-923  
Tom Munson, DOGM